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SUBJECT: Post-Tsunami Housing Update: Sri Lanka and Maldives

REF: STATE 184326

1. This cable is in response to reftel.

2. Summary: Overall, the housing process is going well in Sri Lanka and Maldives, with the recent announcement of relaxed buffer zone requirements in Sri Lanka possibly improving the outlook for construction of additional permanent housing. All IDPs who wish to be in temporary housing in Sri Lanka and Maldives are accommodated. Neither the Government of Sri Lanka (GSL) nor the Maldivian Government (GORM) is seeking additional funds for either temporary shelter upgrades. NGOs are working with donors and the GSL to develop preparedness plans for coming monsoons in Sri Lanka. Maldives is coming out of the monsoon period (which will end in October) and reports no adverse affects on the IDP community. The GORM, with limited absorptive capacity, is making a strong effort, trying to effectively program 10-15 times their normal intake of foreign assistance, while simultaneously dealing with an enormous budget shortfall, and increased welfare needs. We are working with the GORM to identify appropriate uses for our USD 8.7 million contribution and will conclude an agreement identifying sectors soon. Given that several inhabited islands were rendered uninhabitable by the tsunami, and that impacted areas are dispersed over 1000 miles of the Indian Ocean, there will need to be an element of patience in working with the GORM on this rebuilding effort. End Summary

Sri Lankan Housing Situation -----

3. The GSL divides housing into two categories ? owner-driven and donor-driven. Under the owner-driven housing program, homeowners who suffered damage in the tsunami are provided rebuilding grants and take the responsibility for their own repairs. To date, of 45,578 tsunami affected households in the program, 42,486 have received the initial tranche of monies (which is to be provided in three tranches).

4. Under the donor-driven housing program, donors are rebuilding homes, typically outside the 100m/200m ?buffer zone? declared by the GSL in the immediate aftermath of the tsunami. Thus far, out of 49,273 required houses,

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approximately 3,000 have been completed and 20,188 have been started. ?Started? is a loose term in Sri Lanka and could mean, for example, that work has started on a 200 house project, even though only a few foundations are actually underway. Task Force for Rebuilding the Nation (TAFREN) Chairman Mano Tittawella told the Ambassador on October 3 that he thought most permanent housing would be finished by March 2006.

5. In an October 6 meeting with NGO partners, USAID/OFDA sought impressions about the state of the housing situation, both temporary and permanent. USAID has hosted similar meetings in the past and the NGOs meet on their own to share information twice a month - something they have been doing since most of them arrived following the tsunami.

6. From the International NGO and GSL perspectives, most of the people affected by the tsunami are now either living in the temporary housing or with family and friends (Note: surveys conducted by UN agencies and the GSL confirm this impression). There appear to be very isolated instances of families still in tents (not part of the USAID-assistance program), but the GSL is actively seeking to place anyone who remains outside the formal program. In some cases, it is possible that families in tents are not tsunami displaced, but simply the recipient of tsunami tents, after the initial recipients moved into transitional shelters. Most of the USAID Partner NGOs have moved into the "repair and maintenance" phase of the temporary housing program. This maintenance focuses on upkeep, as well as disaster preparedness and mitigation.

Monsoon in Sri Lanka -----

17. All USAID Partners indicated they are developing and/or reviewing disaster plans and vulnerabilities to flooding, among other scenarios. They will stay in this phase throughout the upcoming monsoon season in the east. Most partners felt disaster preparedness was a major focus of the GSL's Transitional Accommodation Program (TAP) office as well (this was confirmed by Task Force for Relief (TAFOR) and TAP Chair Tilak Ranaviraja in a meeting with the Charge on October 11).

Buffer Zone Exemptions Announced

18. While it appears that efforts are being made to consider possible disaster scenarios for temporary housing residents during the upcoming monsoon season, there are additional efforts underway to jump start the permanent housing program. Most significantly, donors were called to a meeting with the Chair of the Task Force for Rebuilding the Nation (TAFREN), the Secretary of Finance and the Secretary for Urban Development on October 7 (Ambassador,

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USAID Director and Econchief attended for the US) in which the GSL announced that while it intended to enforce the 100m/200m buffer zone policy, it would do so with significant exemptions in all tsunami affected areas. These exempted areas would, in some cases, allow people to build as close as 40 meters to the shore. Anyone with land in these areas would be allowed to build, once they have obtained the appropriate permits.

19. The Urban Development Authority and the Coastal Conservation Department (CCD) will publish exact exemption information and NGOs and Multilateral Donors will coordinate with the GSL to accommodate those people who wish to move back to their previous homes, assuming they held title to the land (Note: the Secretary of Urban Development informed donors that if people could prove they had been on the land for a certain amount of time, they could be eligible for a pre-existing amnesty and possibly entitled to land title. End Note). While this is good news and could mean that as many as 10,000 additional permanent units could be started almost immediately (according to TAFREN officials), as always, the devil will be in the details, and those have not yet been published. Nonetheless, the GSL made a public announcement of the relaxation of the buffer zone over the weekend and will certainly face pressure to be expansive in the exemptions it grants (Note: this outcome is largely the result of excellent work by representative from FEMA, USGS and OFDA who visited Sri Lanka in August, under USAID sponsorship, and as follow-up to an Embassy sponsored video conference with senior GSL officials in June. End Note).

NGO Concerns in Sri Lanka

10. With the relaxation of the buffer zone, it is possible that the largest obstacle to permanent housing has been resolved. Nonetheless, there remains an ongoing point of contention between donors, the GSL and NGOs with regard to housing: time. NGOs feel pressured to build, yet want to ensure that they conduct proper consultations with residents and communities. As several NGO reps have put it, "we don't want to build houses people won't live in." NGO reps claim the housing effort in Sri Lanka has been extremely fast by international standards, and the fact that significant progress has been made on the permanent housing phase (not just the temporary housing phase, which has been completed) is both positive and problematic.

Maldives

11. According to International Federation of Red Cross (IFRC) reps in Maldives, no displaced IDPs are without shelter. The majority are housed in temporary shelter blocks constructed by the GORM and IFRC on Huhumale (the large island next to Male, to which the GORM hopes to entice new residents, to ease overcrowding on Male and to begin the process of moving people off of small, remote islands that are considered unsafe and not economically viable). All temporary shelters are built to NGO-established "sphere" standards.

12. There are 7,776 IDPs in Maldives and 6,459 are currently in temporary shelter. 1,274 are staying with families or friends and 521 remain in their damaged homes. 80 IDPs have chosen to remain housed in tents on their respective islands, rather than move into temporary shelter elsewhere.

13. According to the IFRC, there are no funding gaps in the housing sector, though the GORM Planning Department is checking to see if there are possibly gaps repairs to

transitional housing. UNDP reports a funding shortfall of USD 7.5 million in its shelter program.

¶14. Under the GORM Permanent Shelter program, 4,147 homes will be repaired and 2,719 new houses will be built. The GORM intends to have all housing projects completed by the end of 2007.

Monsoon in Maldives

¶15. The monsoon in Maldives precedes Sri Lanka and is due to end in October. Thus far there have been no adverse reports of additional displacements due to the rains. The GORM and IFRC continually monitor the temporary housing sector and seek to ensure that all temporary structures remain up-to-date.

Maldivian Aid Absorption Capacity

¶16. Prior to the tsunami, Maldives absorbed approximately USD 30 million in foreign assistance each year, according to the Deputy Minister of Finance. That amount has leapt to close to USD 300 million in the wake of the tsunami. In addition to tsunami damage repair and replacement, Maldives is also facing a severe downturn in its tourist arrivals (though the pace is beginning to pick up again) and a budget shortfall of approximately USD 100 million.

¶17. Maldives was organized and performed well during the initial relief phase of the post-tsunami period. It was quick to develop a framework for assistance in its Tsunami Relief and Reconstruction Fund (TRRF), which immediately won plaudits from the World Bank and ADB, who announced that they would use that venue for much of their aid disbursement.

¶18. In the transition from relief to reconstruction, however, Maldives' small size and limited resources are beginning to show. It has struggled to prioritize needs and the World Bank and ADB have placed full time resident representatives in country to assist in the reconstruction financing arrangements. The GORM is working to implement its framework for dealing with the huge inflow of funds it is slated to receive.

¶19. The US offer of USD 8.7 million was greatly appreciated by the GORM and the GORM desire to program that money into specific, significant, high-return, high-need projects has led to a delay in finalizing the agreement. Further, US willingness to be flexible in how the money is spent (many donors identify monies for particular sectors, mainly housing) has given the GORM an opportunity to look at several key areas (such as transportation infrastructure and water and sanitation). Part of the problem in finalizing the agreement has to do with limitations in various GORM departments, while other challenges have been related to external events, including a recent cabinet reshuffle, which reorganized several of the departments involved in the process and the beginning of Ramadan, which includes significantly reduced work-hours. Econchief and representatives from the GORM Department of External Resources are working to craft a draft agreement that identifies uses for the US contribution, a timeline for disbursement and a framework of the selection of specific projects, as needs assessments in the related areas are completed. We will conclude this process soon.

¶20. Comment: Housing in both countries is going well, though clearly there are challenges in each program. USAID continues to monitor the situation on the ground in Sri Lanka via its implementing partners, but there are currently no GSL requests for additional assistance. We will continue our efforts to conclude the bilateral agreement with Maldives immediately. End Comment

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